



**MARKET CONDUCT EXAMINATION REPORT
AS OF NOVEMBER 30, 2008**

ESURANCE INSURANCE COMPANY

**650 Davis Street
San Francisco, CA 94111-1904**

**NAIC Company Code 25712
NAIC Group Code 1129**



CONDUCTED BY:

COLORADO DIVISION OF INSURANCE

CERTIFICATE OF COPY

I, **Marcy Morrison**, Commissioner of Insurance of the State of Colorado, do hereby certify that the attached is a true and correct copy of the Market Conduct Examination Report as of December 31, 2007 for **Esurance Insurance Company**, now on file as a record of this office.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal of office at the City and County of Denver on this 2nd day of September 2009.

A handwritten signature in cursive script that reads "Marcy Morrison".

Marcy Morrison
Commissioner of Insurance

ESURANCE INSURANCE COMPANY
650 Davis Street
San Francisco, CA 94111-1904

**MARKET CONDUCT
EXAMINATION REPORT**

from

January 1, 2006 to November 30, 2008

Prepared by

State Market Conduct Examiner

Jeffory A. Olson, CIE, FLMI, AIRC, ALHC

and

Gerald B. Lyons, CIE, CPCU, AMIM

Independent Contract Examiner

May 5, 2009

The Honorable Marcy Morrison
Commissioner of Insurance
State of Colorado
1560 Broadway Suite 850
Denver, Colorado 80202

Commissioner Morrison:

In accordance with §§ 10-1-204, 10-1-210 and 10-3-1106, C.R.S., a market conduct desk examination of the private passenger automobile business of Esurance Insurance Company has been conducted.

The examination field work was conducted by Gerald B. Lyons, an independent contractor assigned by the Colorado Division of Insurance to conduct this examination. The Company's records were examined from the examiner's home in Long Beach, California, and at the Company's offices located at 3785 Placer Corporate Drive, Rocklin, California.

The examination covered the period from January 1, 2006 through November 30, 2008.

A report of the examination of Esurance Insurance Company is, herewith, respectfully submitted.

Jeffory A. Olson, CIE, FLMI, AIRC, ALHC

State Market Conduct Examiner

Gerald B. Lyons, CIE, CPCU, AMIM

Independent Market Conduct Examiner

**MARKET CONDUCT
EXAMINATION REPORT
OF
ESURANCE INSURANCE COMPANY**

TABLE OF CONTENTS

<u>SECTION</u>	<u>PAGE</u>
I. COMPANY PROFILE.....	5
II. PURPOSE AND SCOPE OF EXAMINATION.....	6
III. EXAMINER’S METHODOLOGY.....	8
IV. EXAMINATION REPORT SUMMARY.....	10
V. PERTINENT FACTUAL FINDINGS.....	11
1. Nonrenewals, Cancellations & Premium Increases.....	12
VI. SUMMARY OF RECOMMENDATIONS.....	20
VII. EXAMINATION REPORT SUBMISSION.....	21

COMPANY PROFILE

Domiciled in Wisconsin, Esurance (EIC or Company) is licensed in forty-two (42) states and the District of Columbia. Currently, the Company is actively writing business in twenty-seven (27) states, including AL, AZ, CO, CT, FL, GA, IL, IN, KY, LA, MD, MI, MS, MO, NV, NY, OH, OK, OR, PA, SC, TN, TX, UT, VA, WA, and WI. Among these jurisdictions, Colorado is ranked 8th as a source of direct written premium.

Where active, the Company offers private passenger auto liability and physical damage coverage, with these products marketed through agency affiliate Esurance Insurance Services, Inc. New business is acquired primarily through the Internet and a telephone service center.

As of December 31, 2007, the Company had reported premium in Colorado of \$26,934,000 for combined private passenger automobile insurance, representing a 1.01% market share*.

The Company was formed in 1933, under the laws of Oklahoma as Tri-State Casualty Insurance Company. Operations commenced the same year with the underwriting of commercial coverages provided for zinc mine owners in Ottawa County, OK. The Company was renamed Tri-State Insurance Company in June 1949, and National Guaranty and Deposit Insurance Corporation (Mississippi), a former wholly-owned affiliate, was absorbed in late 1962. Another former subsidiary, National Guaranty and Deposit Insurance Corporation (Arizona), was formed in mid-1962 by Esurance and then sold in August 1964 to the Standard Life and Accident Insurance Company, Oklahoma City, OK. Financial control was held by Silvey Corporation of Columbia, MO, which was acquired by Royal Group Inc., a U.S. subsidiary of Royal Insurance plc, London, in 1984. CGU Insurance Company, formerly General Accident Insurance Company of America, acquired Silvey Corporation from Royal Group in 1990.

In June 2001, White Mountains Insurance Group, Ltd. (White Mountains) purchased OneBeacon Insurance Group and as a result of this acquisition, White Mountains became the ultimate controlling parent of Esurance. On August 27, 2002, the company changed its name from Tri-State Insurance Company to Esurance Insurance Company, and on October 1, 2003, EIC acquired 100% ownership from OneBeacon Insurance Company of EIC's affiliate, Esurance Property and Casualty Insurance Company. Effective December 17, 2004, EIC was sold by OneBeacon Insurance Company to an affiliated company, White Mountains Luxembourg, and, on the same date, the Board of Managers of White Mountains Luxembourg contributed EIC to Luxembourg's subsidiary, Esurance Holdings, Inc. On May 18, 2006, EIC re-domesticated from the state of Oklahoma to Wisconsin.

The Company, which is the lead member of the Esurance Insurance Group, is affiliated with the following insurance companies:

Esurance Property and Casualty Insurance Company

Esurance Insurance Company of New Jersey

The Company's major product lines are private passenger auto liability and physical damage, and these coverages are marketed and sold by its agency affiliate, Esurance Insurance Services, Inc., through its web site, and by telephone.

*Data as reported in the 2007 Colorado Insurance Industry Statistical report.

PURPOSE AND SCOPE OF EXAMINATION

This market conduct examination was conducted under the provisions of §§ 10-1-204 and 10-1-210, C.R.S. While conducted primarily as a desk examination, an on-site phase of limited duration was performed to review electronic claim files at the Company's administrative office, at 3785 Placer Corporate Drive, Suite 550, Rocklin, California.

The affairs, transactions, and records of the Company were reviewed and tested by acceptable methods, to the extent deemed necessary, to assess the Company's ability to fulfill and manner of fulfillment of its contractual obligations, methods of doing business, and treatment accorded policyholders.

The procedures recommended by the National Association of Insurance Commissioners (NAIC) and/or the Colorado Division of Insurance (Division), have been followed in conducting this examination and in the preparation of this report.

This market conduct examination focused on the following areas:

- Review of underwriting transactions, including adverse action notices.
- Review of automobile claims.

The examination report is a report by exception, which means that only those areas where the examiner identified apparent violations of Colorado insurance law or where the examiner believes that Company practices are not in conformity with industry practices are included in the report.

Throughout the report, reference is made to findings by the field examiner, and in some instances these findings will reflect the examiner's opinions, as noted in the report. The examiner may allege that the Company has violated certain sections of the Colorado Revised Statutes and Regulations. However, any final conclusions as to the number and types of violations will be made by the Commissioner of Insurance or her designee(s).

This examination was governed by, and performed in accordance with, procedures developed by the National Association of Insurance Commissioners and the Division. In reviewing material for this report the examiners relied primarily on records and material maintained and/or submitted by the Company. The examination period covered the Company's operations, from January 1, 2006 through November 30, 2008.

An error tolerance level of plus or minus ten dollars (\$10.00) was allowed in most cases where monetary values were involved. However, in cases where monetary values were generated by computer or other systemic methodology, a zero dollar (\$0) tolerance level was applied in order to identify possible system errors. Additionally, a zero dollar (\$0) tolerance level was applied in instances where there appeared to be a consistent pattern of deviation from the Company's established policies, procedures, rules and/or guidelines.

When sampling was involved, a minimum error tolerance level of seven percent (7%) for claims, or ten percent (10%) for other samples, was established to determine reportable exceptions. However, if an issue appeared to be systemic, or when due to the sampling process it was not feasible to establish an exception percentage, a minimum error tolerance percentage was not utilized. Also, if more than one sample was reviewed in a particular area of the examination (e.g., timeliness of claims payment), and if

one or more of the samples yielded an exception rate higher than the minimum tolerance level, the results of any other samples with exception percentages less than the minimum tolerance were also included.

Certain unacceptable or non-complying practices may not have been discovered in the course of this examination. Additionally, findings may not be material to all areas that would serve to assist the Commissioner. Failure to identify or criticize specific Company practices does not constitute acceptance of such practices by the Division. Examination findings may result in administrative action by the Division.

EXAMINERS' METHODOLOGY

The examiner reviewed the Company's private passenger automobile underwriting, and claims practices to determine compliance with Colorado insurance law as outlined in Exhibit 1.

Exhibit 1

Statute or Regulation	Subject
Section 10-1-128, C.R.S.	Fraudulent insurance acts – immunity for furnishing information relating to suspected fraud – legislative declaration.
Section 10-3-1104, C.R.S.	Unfair methods of competition and unfair or deceptive acts or practices.
Section 10-4-601, C.R.S.	Definitions.
Section 10-4-602, C.R.S.	Basis for cancellation.
Section 10-4-603, C.R.S.	Notice.
Section 10-4-604, C.R.S.	Nonrenewal.
Section 10-4-605, C.R.S.	Proof of notice.
Section 10-4-609, C.R.S.	Insurance protection against uninsured motorists-applicability.
Section 10-4-610, C.R.S.	Property damage protection against uninsured motorists.
Section 10-4-611, C.R.S.	Elimination of discounts – damage by uninsured motorist.
Section 10-4-613, C.R.S.	Glass repair and replacement.
Section 10-4-614, C.R.S.	Inflatable restraint systems - replacement - verification of claims.
Section 10-4-616, C.R.S.	Disclosure of credit reports.
Section 10-4-618, C.R.S.	Unfair or discriminatory trade practices – legislative declaration.
Section 10-4-626, C.R.S.	Prohibited reasons for nonrenewal or refusal to write a policy of automobile insurance applicable to this part 6.
Section 10-4-627, C.R.S.	Discriminatory standards – premiums – surcharges - proof of financial responsibility requirements.
Section 10-4-628, C.R.S.	Refusal to write – changes in – cancellation - nonrenewal of policies prohibited.
Section 10-4-629, C.R.S.	Cancellation – renewal – reclassification.
Section 10-4-630, C.R.S.	Exclusion of named driver.
Section 10-4-634, C.R.S.	Assignment of payment for covered benefits.
Section 10-4-642, C.R.S.	Prompt payment of direct benefits - legislative declaration - definitions.
Insurance Regulation 1-1-7	Market Conduct Record Retention
Insurance Regulation 1-1-8	Penalties And Timelines Concerning Division Inquiries And Document Requests
Insurance Regulation 5-1-14	Penalties For Failure To Promptly Address Property And Casualty First Party Claims
Insurance Regulation 5-2-2	Renewal of Automobile Insurance Policies – Excluded Named Drivers
Insurance Regulation 5-2-12	Concerning Automobile Insurance Consumer Protections
Insurance Regulation 5-2-15	Concerning Consumer Protection for Vehicle Valuation and Rental Reimbursements
Insurance Regulation 6-1-1	Limiting Coverage

Private Passenger Automobile Nonrenewal; Cancellation; & Premium Increase Notices

For the period under examination, the following populations or samples of adverse underwriting actions were reviewed to determine compliance with notice requirements:

Review Lists	Population	Sample Size	Percentage of Population
Nonrenewal Notices	96	96	100%
Cancellation Notices	375	375	100%
Premium Increase Notices	2572	680*	26%

* Although the entire population of premium increase notices was 2,572, the Company agreed that based on the review of 680 notices, any findings identified in the sample would be considered valid with respect to the entire population.

Claims

For the period under examination, the examiner systematically selected the following samples to determine compliance with claims handling practices and manual rules:

Review Lists	Population	Sample Size	Percentage of Population
Auto Physical Damage Claims Paid & Closed Without Payment (CWP)	8,518	109	1.3%
Auto Medical Claims Paid & Closed Without Payment (CWP)	193	76	39%
Uninsured & Underinsured Motorist Paid & Closed Without Payment (CWP)	136	76	56%
Total Loss Claims – Paid	1,110	105	9.5%

EXAMINATION REPORT SUMMARY

The examination resulted in four (4) issues arising from the Company's apparent failure to comply with Colorado insurance laws that govern all private passenger automobile insurers operating in Colorado.

Nonrenewals, Cancellations and Premium Increases (Notice Requirements):

In the area of nonrenewals, cancellations and premium increase notice requirements, four (4) compliance issues are addressed in this report.

Issue H1: Failure, in some cases, to offer to exclude a named driver and to disclose the modified premium that would result from such exclusion in nonrenewal, cancellation, and premium increase notices.

Issue H2: Failure, in some cases, to include a clear and specific reason, including the underwriting rule, policy or guideline which is the basis for the Company's action, in nonrenewal, cancellation, and premium increase notices.

Issue H3: Failure, in some cases, to provide notice of the insured's right to replace the insurance through an assigned risk plan in the notices of premium increase.

Issue H4: Failure, in some cases, to comply with the notice requirements of the "Fair Credit Reporting Act" in the notices of premium increase.

Claim Practices:

In the area of claim practices, no compliance issues are addressed in this report.

A copy of the Company's response, if applicable, can be obtained by contacting the Company.

Results of previous Market Conduct Examinations are available on the Division's website at www.dora.state.co.us/insurance or by contacting the Division.

ESURANCE INSURANCE COMPANY

PERTINENT FACTUAL FINDINGS

NONRENEWALS, CANCELLATIONS, AND PREMIUM INCREASES

(Notice Requirements)

Issue H1: Failure, in some cases, to offer to exclude a named driver and to disclose the modified premium that would result from such exclusion in nonrenewal, cancellation, and premium increase notices.

Section 10-4-629, C.R.S., Cancellation – renewal – reclassification, states in part:

- (1) Except in accordance with the provisions of this part 6, an insurer shall not cancel or fail to renew a policy of insurance that complies with this part 6, issued in this state, as to any resident of the household of the named insured, for any reason other than nonpayment of premium, or increase a premium for any coverage on any such policy unless the increase is part of a general increase in premiums filed with the commissioner and does not result from a reclassification of the insured, or reduce the coverage under any such policy unless the reduction is part of a general reduction in coverage filed with the commissioner or to satisfy the requirements of other sections of this part 6.
- (2) *An insurer intending to take an action subject to the provisions of this section shall, on or before the thirtieth day before the proposed effective date of the action, send written notice by first-class mail of its intended action to the insured at the insured's last-known address. The notice shall be in triplicate and shall state in clear and specific terms, on a form that has been certified by the insurer and the insurer has filed a certification with the commissioner that such notice form conforms to Colorado law and any rules promulgated by the commissioner:*
 - (d) If there is coupled with the notice an offer to continue or renew the policy in accordance with this section, *the name of the person or persons to be excluded from coverage and what the premium would be if the policy is continued or renewed with such person or persons excluded from coverage; [Emphases added.]*

Section 10-4-630, C.R.S., Exclusion of named driver, states in part:

- (1) *In any case where an insurer is authorized under this part 6 to cancel or refuse to renew or increase the premiums on an automobile liability insurance policy under which more than one person is insured because of the claim experience or driving record of one or more but less than all of the persons insured under the policy, the insurer shall in lieu of cancellation, nonrenewal, or premium increase offer to continue or renew the insurance but to exclude from coverage, by name, the person whose claim experience or driving record would have justified the cancellation or nonrenewal. The premiums charged on any such policy excluding a named driver shall not reflect the claims, experience, or driving record of the excluded named driver. [Emphasis added.]*

It appears that the Company is not in compliance with Colorado insurance law in that it failed, in some instances, to offer to exclude the driver or drivers whose claim experience or driving record justified the proposed action, and to communicate what the premium would be with such driver(s) excluded. The following charts illustrate the significance of error versus the population and samples examined:

Private Passenger Auto Nonrenewal Notices

Population	Sample Size	Number of Exceptions	Percentage to Sample
96	96	12	13%

Twelve (12) out of ninety-six (96) nonrenewal notices issued by the Company during the examination period appeared to involve situations in which more than one person was insured, and the nonrenewal was due to the driving record of one or more, but less than all of the persons insured under the policy. The Company failed to include an offer to exclude the named driver(s) and to disclose what the premium would be with such person(s) excluded from coverage.

Private Passenger Auto Cancellation Notices

Population	Sample Size	Number of Exceptions	Percentage to Sample
375	375	91	24%

Ninety-one (91) out of the 375 cancellation notices issued by the Company during the examination period appeared to involve situations in which more than one person was insured, and the cancellation was due to the driving record of one or more, but less than all of the persons insured under the policy. The Company failed to include an offer to exclude the named driver(s) and to disclose what the premium would be with such person(s) excluded from coverage.

Private Passenger Auto Premium Increase Notices

Population	Sample Size	Number of Exceptions	Percentage to Sample
2572	680	231	34%

Two hundred thirty-one (231) out of 680 premium increase notices issued by the Company during the examination period appeared to involve situations in which more than one person was insured, and the premium increase was due to the driving record of one or more, but less than all of the persons insured under the policy. The Company failed to include an offer to exclude the named driver(s), and to disclose what the premium would be with such person(s) excluded from coverage.

Recommendation # 1:

Within thirty (30) days, the Company should provide documentation demonstrating why it should not be considered in violation of §§ 10-4-629 and 10-4-630, C.R.S. In the event the Company is unable to provide such documentation, it should be required to provide evidence to the Division that it has implemented necessary changes to ensure that whenever a nonrenewal, cancellation, or premium increase is due to the driving record of one or more but less than all persons insured under the policy, an offer to exclude the named driver(s) is made. The notice should offer to exclude the named driver(s) that justified

the proposed action, and provide information regarding what the premium would be with such person(s) excluded in the notice as required by Colorado insurance law.

Issue H2: Failure, in some cases, to include a clear and specific reason, including the underwriting rule, policy or guideline which is the basis for the Company's action, in nonrenewal, cancellation, and premium increase notices.

Section 10-4-629, C.R.S., Cancellation - renewal - reclassification, states in part:

- (2) *An insurer intending to take an action subject to the provisions of this section shall, on or before the thirtieth day before the proposed effective date of the action, send written notice by first-class mail of its intended action to the insured at the insured's last-known address. The notice shall be in triplicate and shall state in clear and specific terms, on a form that has been certified by the insurer and the insurer has filed a certification with the commissioner that such notice form conforms to Colorado law and any rules promulgated by the commissioner:*
- c) *The insurer's actual reasons for proposing to take such action. The statement of reasons shall be sufficiently clear and specific so that a person of average intelligence can identify the basis for the insurer's decision without making further inquiry. Generalized terms such as "personal habits", "living conditions", "poor morale", or "violation or accident record" shall not suffice to meet the requirements of this subsection (2). [Emphases added.]*

Colorado Insurance Regulation 5-2-12, Concerning Automobile Consumer Protections, states in part:

Section 5 Rules

B. Rules Limiting Insurers' Action To Refuse To Write, Cancel, Nonrenew, Increase Premium, Surcharge Or Reduce Coverages, states in part:

2. Notice of proposed actions.

- a. *A proposal to cancel, nonrenew, increase the premium or reduce coverage under a private passenger motor vehicle insurance policy shall state the actual reason for proposing such action in the notice required by § 10-4-629(2)(c), C.R.S. Only one notice is required to be sent to the insured whose incident resulted in the proposed action. The statement of reasons shall be clear and specific so that a reasonable person can understand it. The insurer shall clearly describe its underwriting rule, policy or guideline which is the basis for the proposed action. A simple recitation of dates and incidents, without further detail, is not acceptable and may cause the insurer's proposed action to be disallowed. [Emphasis added.]*

It appears that the Company is not in compliance with Colorado insurance law in that it failed, in some instances, to include a clear and specific reason, including the underwriting rule, policy or guideline which is the basis for the Company's action in nonrenewal, cancellation, and premium increase notices.

The following charts illustrate the significance of error versus the population and samples examined:

Private Passenger Auto Nonrenewal Notices

Population	Sample Size	Number of Exceptions	Percentage to Sample
96	96	49	51%

An examination of ninety-six (96) nonrenewal notices representing 100% of all such underwriting actions handled by the Company during the examination period showed forty-nine (49) exceptions wherein the Company failed to provide a clear and specific reason, including the underwriting rule, policy or guideline that was the basis for taking the action as required by Colorado insurance law.

Private Passenger Auto Cancellation Notices

Population	Sample Size	Number of Exceptions	Percentage to Sample
375	375	228	61%

An examination of 375 cancellation notices representing 100% of all such underwriting actions handled by the Company during the examination period showed 228 exceptions (61% of the sample) wherein the Company failed to provide a clear and specific reason, including the underwriting rule, policy or guideline that was the basis for taking the action as required by Colorado insurance law.

Private Passenger Auto Premium Increase Notices

Population	Sample Size	Number of Exceptions	Percentage to Sample
2572	680	621	91%

An examination of 680 premium increase notices representing 26% of the total population of 2,572 such files handled by the Company during the examination period, showed 621 exceptions (91% of the sample) wherein the Company failed to provide a clear and specific reason, including the underwriting rule, policy or guideline that was the basis for the action taken as required by Colorado insurance law.

Recommendation # 2:

Within thirty (30) days, the Company should provide documentation demonstrating why it should not be considered in violation of § 10-4-629, C.R.S, and Colorado Insurance Regulation 5-2-12. In the event the Company is unable to provide such documentation, it should be required to provide evidence to the Division that it has implemented necessary changes to ensure that a clear and specific reason including the underwriting rule, policy or guideline that was the basis for taking the action is included in all nonrenewal, cancellation, and premium increase notices as required by Colorado insurance law.

Issue H3: Failure, in some cases, to provide notice of the insured's right to replace the insurance through an assigned risk plan in the notices of premium increase.

Section 10-4-629, C.R.S., Cancellation – renewal – reclassification, states in part:

(2) *An insurer intending to take an action subject to the provisions of this section shall, on or before the thirtieth day before the proposed effective date of the action, send written notice by first-class mail of its intended action to the insured at the insured's last-known address. The notice shall be in triplicate and shall state in clear and specific terms, on a form that has been certified by the insurer and the insurer has filed a certification with the commissioner that such notice form conforms to Colorado law and any rules promulgated by the commissioner:*

(e) *The right of the insured to replace the insurance through an assigned risk plan; [Emphases added.]*

The following chart illustrates the significance of error versus the population and sample examined:

Private Passenger Auto Premium Increase Notices

Population	Sample Size	Number of Exceptions	Percentage to Sample
2572	680	621	91%

It appears that the Company is not in compliance with Colorado insurance law in that 621 out of the 680 premium increase notices reviewed failed to include notice of the right of the insured to replace the insurance through an assigned risk program as required by Colorado insurance law.

Recommendation #3:

Within thirty (30) days, the Company should provide documentation demonstrating why it should not be considered in violation of § 10-4-629, C.R.S. In the event the Company is unable to provide such documentation, it should be required to provide evidence to the Division that it has implemented necessary changes to its premium increase notices to ensure that they include information regarding the right of the insured to replace the insurance through an assigned risk program as required by Colorado insurance law.

Issue H4: Failure, in some cases, to comply with the notice requirements of the “Fair Credit Reporting Act” in the notices of premium increase.

Section 10-4-616, C.R.S., Disclosure of credit reports, states in part:

- (2) *If the use of credit information results in an adverse action to a consumer, the insurer shall comply with the notice requirements of the federal "Fair Credit Reporting Act", 15 U.S.C. sec. 1681 et seq. Such notice shall include, but is not limited to:*
- (a) *The identity, telephone number, and address of any consumer reporting agency from whom a credit report was obtained;*
 - (b) *Notice of the consumer's right to receive a free credit report from the consumer reporting agency for a period of sixty days if such report resulted in an adverse action; and*
 - (c) *Notice of the consumer's right to lodge a dispute with the consumer reporting agency and have any erroneous information corrected in accordance with the federal "Fair Credit Reporting Act", 15 U.S.C. sec. 1681 et seq.*
- (3) *For the purposes of this section, "adverse action" means a denial, cancellation, or nonrenewal of, an increase in any charge for, a placement into a higher tier, or a reduction or unfavorable change in the terms of coverage or amount of insurance in connection with underwriting of existing insurance or an application for insurance. [Emphases added.]*

The following chart illustrates the significance of error versus the population and sample examined:

Private Passenger Auto Premium Increase Notices

Population	Sample Size	Number of Exceptions	Percentage to Sample
2572	680	614	90%

It appears that the Company is not in compliance with Colorado insurance law in that 614 out of the 680 premium increase notices reviewed failed to include the required notice concerning the “Fair Credit Reporting Act” as required by Colorado insurance law.

Recommendation #4:

Within thirty (30) days, the Company should provide documentation demonstrating why it should not be considered in violation of § 10-4-616, C.R.S. In the event the Company is unable to provide such documentation, it should be required to provide evidence to the Division that it has implemented necessary changes to its premium increase notices to ensure that they comply with the notice requirements of the “Fair Credit Reporting Act” as required by Colorado insurance law.

Summary of Issues and Recommendations**Esurance Insurance Company**

ISSUE	REC #	PAGE
Nonrenewals, Cancellations & Premium Increases		
Issue H1: Failure, in some cases, to offer to exclude a named driver and to disclose the modified premium that would result from such exclusion in nonrenewal, cancellation, and premium increase notices.	1	14
Issue H2: Failure, in some cases, to include a clear and specific reason, including the underwriting rule, policy or guideline which is the basis for the Company's action, in nonrenewal, cancellation, and premium increase notices.	2	17
Issue H3: Failure, in some cases, to provide notice of the insured's right to replace the insurance through an assigned risk plan in the notices of premium increase.	7	18
Issue H4: Failure, in some cases, to comply with the notice requirements of the "Fair Credit Reporting Act" in the notices of premium increase.	8	19

State Market Conduct Examiner

Jeffory A. Olson, CIE, FLMI, AIRC, ALHC

And

Gerald B. Lyons, CIE, CPCU, AMIM

Independent Market Conduct Examiner

Participated in this examination and in the preparation of this report